

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-01
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 ABF-01 FS-01 AGRE-00
DODE-00 PA-01 PRS-01 /088 R

DRAFTED BY EUR/WE/KSMITH
APPROVED BY EUR/WE/EMROWELL
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EB/CERVIN
E/JEINHORN (SUB)

-----052619 161408Z /53

P 161356Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY LISBON PRIORITY

C O N F I D E N T I A L STATE 193743

E.O. 11652: GDS

TAGS: EFIN, ECON, PO

SUBJECT: NEW ECONOMIC MEASURES

REF: LISBON 6260

1. THE U.S. APPRECIATES PROBLEMS FACING PORTUGUESE GOVERNMENT AS RESULT OF CURRENT FINANCIAL DIFFICULTIES. PLEASED TO HEAR THAT STRONG MEASURES ARE READY AND TRUST NOW THAT ASSEMBLY HAS RECESSED THEY WILL BE ANNOUNCED THIS MONTH SINCE FURTHER DELAY WILL ONLY EXACERBATE EXCHANGE CRISIS. IN THIS REGARD WE HOPE THAT BRIDGE LOANS TO THE \$750 MILLION MEDIUM TERM CREDITS, FOR EXAMPLE THE \$30 MILLION FROM MANUFACTURER'S HANOVER TRUST (WHICH COULD HAVE ADVERSE CONGRESSIONAL IMPACT HERE IF LINKED DIRECTLY
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TO USG CREDITS), WILL NOT TEMPT GOP TO DELAY IMPLEMENTATION OF MEASURES.

2. WE CONTINUE TO BE SUPPORTIVE OF LISBON'S EFFORTS TO STABILIZE ITS ECONOMY. THE MEDIUM TERM CREDIT WAS ARRANGED AS EVIDENCE OF OUR CONCERN AND UNDERSTANDING FOR THE POLITICAL DIFFICULTIES PORTUGUESE FACE.

3. WE UNDERSTAND THAT ANY NEW ECONOMIC MEASURES WILL BE
TAKEN IN CONTEXT OF PORTUGAL'S COMPELLING POLICY CONSIDERA-
TIONS AND INTERNAL NEEDS. WE ASSUME THAT THE IMF IS ALSO

AWARE OF THESE CONSTRAINTS. HOWEVER, ECONOMIC MEASURES
MUST ALSO REFLECT A REALISTIC ASSESSMENT OF THE LIMITA-
TION ON AVAILABLE RESOURCES. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY, ECONOMIC PROGRAMS, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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TAGS: EFIN, ECON, PO
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